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ESTABLISHED 1887

As Japan Grows Rich, Asia Grows Wary

By Michael Richardson
International Herald Tribune
SINGAPORE — The failure of the United States and Europe to compete effectively with Japan will make Southeast Asia excessively dependent on Tokyo's future economic policies, senior officials in the region say.

in an interview in Bangkok last month, Foreign Minister Siddhi Savetsila of Thailand said that his countrymen felt "too dependent" on Japan.

"We are trying to solve the Japanese economic problem through better understanding with Japan," he added.

At the same time, Japan's economic penetration of the rest of East Asia — through investment, loans, trade and aid — is likely to intensify, the analysts added.

U.S. Firms Draw Hostile Foreign Bids

By Martin Tolchin
New York Times Service
WASHINGTON — Foreign investors, who have generally tried softly in acquiring American companies, have become more aggressive this year, a General Accounting Office study shows.

The Scandal Shaking Japan

Recruit Case: Rare Glimpses, Major Embarrassments

By David E. Sanger
New York Times Service
TOKYO — The Recruit Corp. stock scandal, at its core, is the story of a secret, costly struggle by an ambitious young company and its founder to gain political influence and favored treatment by sprinkling cash and stock among an inner circle of corporate and government decision-makers.

sort of vague expectations of help in the future," said Ezra Vogel, a Harvard University professor who for decades has studied the sociology of Japan, its politicians and business executives.

Non-U.S. investors spent a record \$15.5 billion in hostile takeovers of U.S. companies in the first six months of the year. That represented 75 percent of all foreign acquisitions, the office said in a report last week.

Forecasts Postpone U.S. Recession (This Time Until 1990)

By Louis Uchitelle
New York Times Service
NEW YORK — Economic forecasters are a fatalistic lot. For more than a year, even the most optimistic of them have insisted that a U.S. recession is inevitable. But they keep postponing the starting date — and now, as they publish their predictions for 1989, they have once again delayed the recession.

are widely expected, said Victor Zarnowitz, a University of Chicago economist, who surveys 30 prominent forecasters monthly.



AFTER THE TOKYO SHUFFLE — Prime Minister Noboru Takeshita leading members of his new cabinet out for a photo session following their first meeting at his official residence. Page 6.

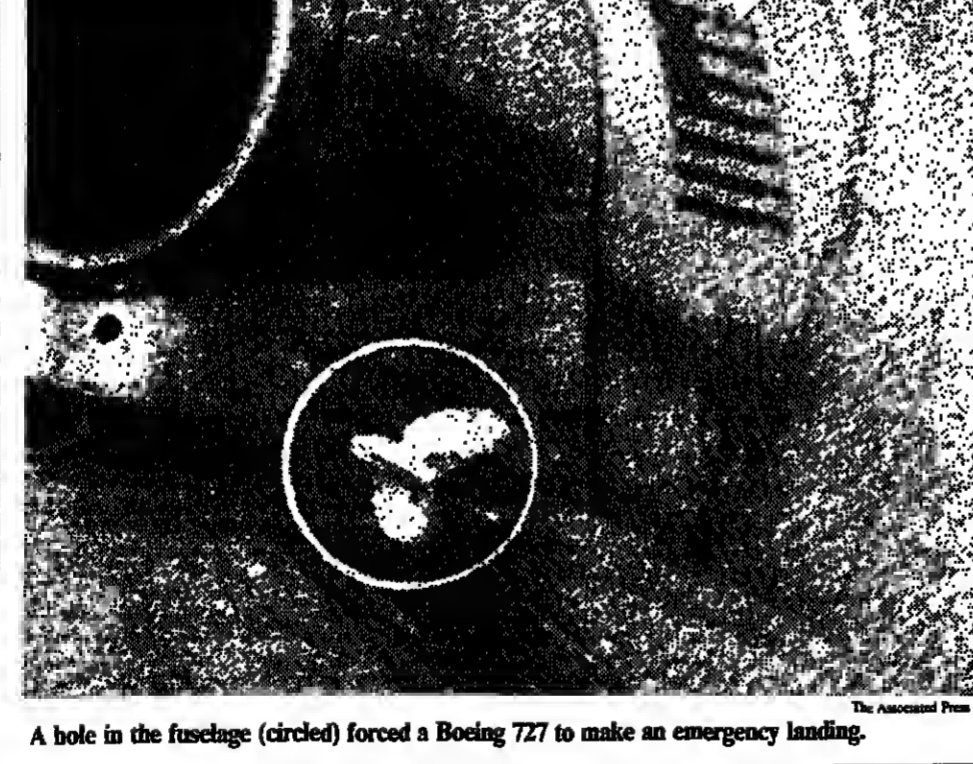
Cairo Sets Condition For Visit

Egypt Says Israel Must Be Prepared To Talk to PLO

By John Kifner
New York Times Service
JERUSALEM — Egypt put a damper Tuesday on speculation that President Hosni Mubarak might visit Israel, linking such a visit to Israel's willingness to talk with the Palestine Liberation Organization, which Israel has said it will never do.

Two museum employees of the Historic Transportation Center in Cloverdale, British Columbia, were for a spin in John Lennon's 1966 Rolls-Royce Phantom and found a cache of film snatched under the manager's seat.

Boeing 727's Emergency Landing Raises Concern About Older Jets



A hole in the fuselage (circled) forced a Boeing 727 to make an emergency landing.

By Barry James
International Herald Tribune
The emergency landing of a Boeing 727 jet in Charleston, West Virginia, after a 14-inch (36-centimeter) hole ripped open in its fuselage has drawn fresh attention to the problem of metal fatigue in aging aircraft.

In a subsequent interview with a Japanese newspaper, Yomiuri Shimbun, Mr. Mubarak said in response to a similar question, "I have no plans. It depends. I don't accept precedents."

A Dispute on Honoring The Victims of Stalin

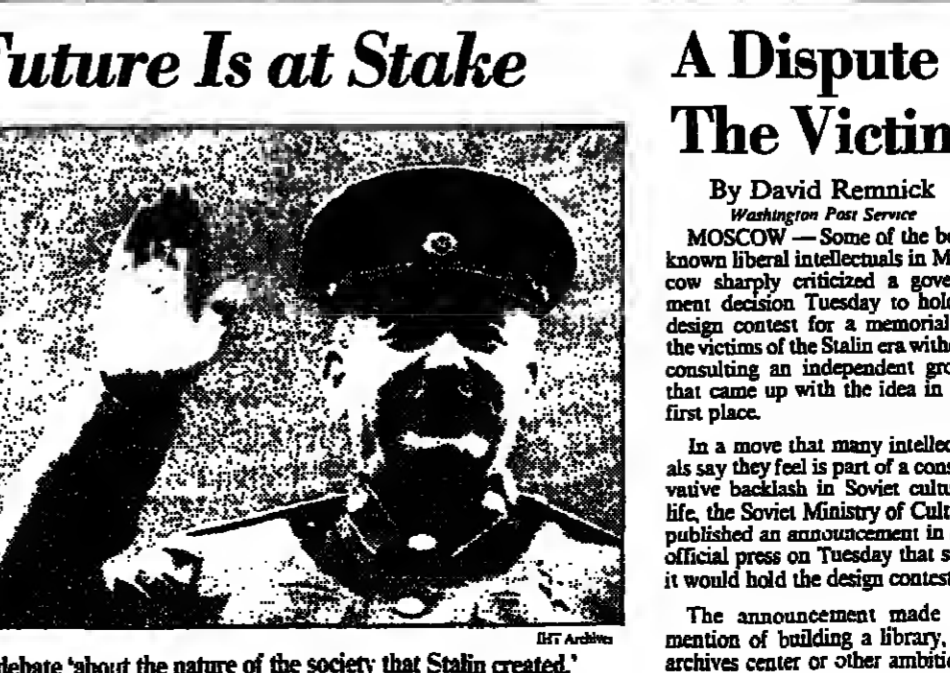
By David Remnick
Washington Post Service
MOSCOW — Some of the best-known liberal intellectuals in Moscow sharply criticized a government decision Tuesday to hold a design contest for a memorial to the victims of the Stalin era without consulting an independent group that came up with the idea in the first place.

Sakharov Visits Caucasus Lands

MOSCOW (Reuters) — Andrei D. Sakharov, the physicist and human rights campaigner, has returned from a week's visit to the Caucasus aimed at mediating between Armenians and Azerbaijanis, a person close to Dr. Sakharov said Tuesday.

As Moscow Lifts Veil on Past, Future Is at Stake

"What happened in this country was simply fascism. The main culprit of the evil committed against the Soviet people is the Communist Party," — A. Seiman, comment in visitor's book at anti-Stalinist exhibit in Moscow



A debate 'about the nature of the society that Stalin created.'

A Debate on Honoring The Victims of Stalin

It has been only a year since the Soviet leader, Mikhail S. Gorbachev, used the 70th anniversary of the Bolshevik Revolution to accuse Stalin of "enormous and unforgivable" acts of lawlessness. At the time, the statement seemed remarkably cautious. But it opened the floodgates to the hor-

Market data table with columns for Dow Jones, The Dollar, and various currencies (DM, Pound, Yen, FF).

THE EXECUTIVE WORLD 57 POINT STREET KNIGHTSBRIDGE LONDON SW1X 0DD

Page 9 FOR MORE CLASSIFIEDS

and Easily... TRIBUNE... will be informed of the cost... 48 hours... following times... Minimum space 2...

ALISTAIR... SOUTH AFRICA... NEW ZEALAND... AUSTRALIA... HONG KONG... INDIA... MALAYSIA... SINGAPORE... THAILAND... TAIWAN... PHILIPPINES... JAPAN... SOUTH AFRICA... NEW ZEALAND... AUSTRALIA... HONG KONG... INDIA... MALAYSIA... SINGAPORE... THAILAND... TAIWAN... PHILIPPINES... JAPAN...

The Libyan Question

President Reagan has caught a certain amount of attention with his recent disclosure that the United States was discussing with its NATO allies the possibility of destroying a chemical warfare plant that the Libyans are believed to be building outside Tripoli.

An Ecological Disaster

When Alexander the Great set out to conquer the known world, his journey took him through the land bounded by the two great rivers of Central Asia, the Oxus and the Jaxartes.

Yes, Agenbite of Inwit

Recently a baby boomer from fat city who had made megabucks in junk bonds got a job in television. He assembled a panel of media-genic talking heads who psychobabble left the couch potatoes cold.

Other Comment

A Bishop Criticizes Thatcher

The bishop of Durham, David Jenkins, intends to step up his personal campaign of protest against what he calls the "wicked" aspects of Thatcherism.

Corruption Works in Nigeria

Nobody can, in all honesty, say that corruption is a culturally disapproved deviation in today's Nigeria.

INTERNATIONAL HERALD TRIBUNE JOHN HAY WHITNEY, Chairman 1986-1987 KATHARINE GRAHAM, WILLIAM S. PALEY, ARTHUR OCHS SULZBERGER Co-Chairmen



Poland: Western Help Should Have a Condition

WASHINGTON — A wave of police brutality in Poland is offering alarming evidence that the government of Prime Minister Mieczyslaw Rakowski has no intention of fulfilling its promises of a new political accommodation.

China: The Next Step for Agriculture

SEATTLE — Decollectivization of agriculture brought a rapid increase of about half in the real value of farm output by China's 800 million peasants.

Ministates: Small Is Vulnerable in a Harsh World

LONDON — The world sometimes forgets how vulnerable small states can be. Within the Commonwealth, a cooperative association of Britain and 47 of its former colonies around the globe, there are 17 countries with populations of fewer than 250,000 people.

Vanuatu: Smudged Postcard

CANBERRA, Australia — The picture-postcard image of the South Pacific has again been ruffled by political strife. In the past 18 months, Fiji and New Caledonia have been shaken.

OPINION

In the Fight For Forests, A Martyr

NEW YORK — The shot that killed Francisco Mendes Filho last week in Brazil may not have been heard round the world. But Mr. Mendes's violent death may at least further alert global authorities to the dangers of deforestation.

Enough examples of the cadre snatching land away to make everyone's future rights uncertain. Full ownership seems to be the only solution. Not only would it increase productivity, it would probably help solve serious inflationary problems that result largely from high rates of consumption and low rates of investment.

From 1965 to 1983, 469 large cattle ranches averaging 23,000 hectares (57,000 acres) each, were established in the Amazon region. One-fourth of this land actually was cleared by 1983. The result, through 1983, was a \$2.5 billion government investment in effect subsidizing irredeemable deforestation and land degradation.

100, 75 AND 50 YEARS AGO

1888: Marital Reform NEW YORK — The Herald today [Dec. 27] urges on Congress the necessity of enacting a uniform law for the States and Territories relative to marriage and divorce. It shows, in a page of instances culled from recent court records, deplorable results from the prevailing condition of affairs, by which a marital contract may be valid in one State and void in a place ten minutes distant by boat.

NYSE Most Actives table with columns for Volume, High, Low, Last, and Change. Lists top trading stocks like Ford, IBM, and AT&T.

Market Sales table showing volume and value for NYSE, AMEX, and OTC markets.

NYSE Index table showing Composite, Industrial, and Financial indices with High, Low, Close, and Change.

Tuesday's NYSE Closing logo with 'Via The Associated Press' text.

AMEX Diary table listing various market indicators and their values.

NASDAQ Index table showing various market indices and their changes.

AMEX Most Actives table listing top trading stocks on the AMEX exchange.

Dow Jones Bond Averages table showing yields for various bond categories.

NYSE Diary table listing market events and their impacts.

Odd-Lot Trading in N.Y. table showing volume and value for odd-lot trades.

Dow Jones Averages table showing the performance of the Dow Jones Industrial Average.

Standard & Poor's Index table showing the performance of the S&P 500 index.

NASDAQ Diary table listing market indicators for the NASDAQ exchange.

AMEX Stock Index table showing the performance of the AMEX stock index.

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Large table of stock prices (A) listing various stocks with their 12-month high/low, volume, and price changes.

NYSE Lower in Slow Trading

Main article text discussing the market's performance on Tuesday, mentioning the Dow Jones industrial average and various market indicators.

Large table of stock prices (B) listing various stocks with their 12-month high/low, volume, and price changes.

Large table of stock prices (C) listing various stocks with their 12-month high/low, volume, and price changes.

Large table of stock prices (D) listing various stocks with their 12-month high/low, volume, and price changes.

(Continued on next left-hand page)

Handwritten Arabic text at the bottom of the page.

Tuesday's NSE Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

12 Month High	Low	Stock	Div. Yld	P/E	52 Week High	Low	Close	Chg
12	3	Perf	1.20	112	11	99	74	-1
12	3	Perf	1.20	112	11	99	74	-1
12	3	Perf	1.20	112	11	99	74	-1
12	3	Perf	1.20	112	11	99	74	-1

U.S. Futures

Via The Associated Press

Season	Section	Open	High	Low	Close	Chg.
Season	Section	Open	High	Low	Close	Chg.

Grains

Symbol	Open	High	Low	Close	Chg.
WHEAT (CBT)	125.00	125.00	125.00	125.00	-0.00
SOYBEANS (CBT)	125.00	125.00	125.00	125.00	-0.00

Metals

Symbol	Open	High	Low	Close	Chg.
COPPER (COMEX)	125.00	125.00	125.00	125.00	-0.00
ALUMINUM (COMEX)	125.00	125.00	125.00	125.00	-0.00

Livestock

Symbol	Open	High	Low	Close	Chg.
CATTLE (CME)	125.00	125.00	125.00	125.00	-0.00
PORK BELLIES (CME)	125.00	125.00	125.00	125.00	-0.00

Food

Symbol	Open	High	Low	Close	Chg.
COFFEE (NYMEX)	125.00	125.00	125.00	125.00	-0.00
WHEAT (NYMEX)	125.00	125.00	125.00	125.00	-0.00

U.S. Futures

Via The Associated Press

Season	Section	Open	High	Low	Close	Chg.
Season	Section	Open	High	Low	Close	Chg.

Currency Options

Symbol	Open	High	Low	Close	Chg.
PHILADELPHIA EXCHANGE	125.00	125.00	125.00	125.00	-0.00
NEW YORK EXCHANGE	125.00	125.00	125.00	125.00	-0.00

Financial

Symbol	Open	High	Low	Close	Chg.
U.S. TREASURY (CBT)	125.00	125.00	125.00	125.00	-0.00
MUNICIPAL BONDS (CBT)	125.00	125.00	125.00	125.00	-0.00

Stock Indexes

Index	Open	High	Low	Close	Chg.
SP COMP. INDEX (AMEX)	125.00	125.00	125.00	125.00	-0.00
DOW JONES (DJI)	125.00	125.00	125.00	125.00	-0.00

Commodity Indexes

Index	Open	High	Low	Close	Chg.
MOODY'S	125.00	125.00	125.00	125.00	-0.00
DOW JONES	125.00	125.00	125.00	125.00	-0.00

The Global Newspaper

MOODY'S: 1,140.50 f, 1,140.50 N.D., 1,140.50 Com. Research, 252.78
 MOODY'S: base 100: Dec. 31, 1991
 S&P: base 100: Dec. 31, 1991
 DOW JONES: base 100: Dec. 31, 1991

Market Guide

Chicago Board of Trade
 International Money Market
 New York Mercantile Exchange
 New York Commodity Exchange
 New York Foreign Exchange
 New York Futures Exchange
 New York Stock Exchange

U.S. Home Sales Rise in November

WASHINGTON — Sales of existing U.S. single-family homes rose 1.1 percent in November and were expected to hold steady in 1989 despite predicted higher mortgage rates, a real estate trade group reported Tuesday.

The National Association of Realtors said the homes sold at a seasonally adjusted annual rate of 3.71 million units in November, up from 3.67 million in October.

"The strong pace of existing home sales in November is more a tribute to the number of buyers out in the sales market than it is to any particular short-term economic conditions," said John Tuocillo, chief economist for the group. Analysts said their numbers should keep gains steady in 1989. The November gain was the first increase since a 2.2 percent rise in August.

Norway Loosens Bank Stake Curbs

OSLO — The Finance Ministry of Norway said Tuesday that it had approved applications by two of the biggest banks in the country to allow foreign investors to hold up to 25 percent of their stock.

Bergen Bank A/S and Christiania Bank og Kreditkasse had applied to boost the limit of foreign shareholdings from the previous 15 percent, which had been raised to allow increased demand for foreign capital.

Earlier this month, the government raised the limit on foreign holdings of industrial companies to 33 percent from 20 percent. Norway regulates foreign holdings in all sectors of its economy.

Alsthom's Shares Soar by 60 Francs

PARIS — Shares in the heavy engineering group Alsthom SA began trading again late Tuesday on the Paris Bourse at a quote of 425 francs (\$70.02) after having been last traded Dec. 22 at 365 francs.

Trading in Alsthom's stock was suspended Dec. 23 after news that the telecommunications group Compaq Generale d'Electricite, the majority owner of Alsthom, planned to merge power engineering operations with General Electric Co. of Britain. The next day, it was announced that Alsthom had won a \$456 million contract to build high-speed trains for Spain.

Framatome, a nuclear engineering company that is another member of the CGE group, announced its intention Tuesday to acquire a majority stake in Souzian & Co., the leading European maker of electrical connectors. Framatome acquired 20 percent of Souzian in August, and has held a 34.14 percent stake since October.

To Our Readers

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Johnson Matthey PLC, Refiner of Platinum, Is Aiding Price Rally

New York Times Service

NEW YORK — The world's largest refiner and marketer of platinum is waging a vigorous campaign to assure investors and analysts that demand will outstrip supply in the next few years.

Johnson Matthey PLC is seeking to sustain a rally in platinum prices, which plunged after Ford Motor Co.'s announcement Dec. 15 that it had developed a catalytic converter that does not use platinum.

Officials of London-based Johnson Matthey, who came to the United States last week for a round of meetings with analysts and investors, said the market's reaction was "exaggerated and inconsistent with the technical possibilities."

"Platinum is the catalyst of choice," said Kevin P. Gibbons, the general marketing manager. "And there will be more use for platinum in the world in the next few years because of the increasing number of countries that are raising their emissions standards."

Platinum prices continued to recover early Tuesday on the New York Mercantile Exchange, with the spot December contract at about \$520 an ounce. The more active January contract had risen \$1.90 to \$542.

After Ford's announcement, spot prices plunged to \$510 an ounce, from more than \$600.

Analysts said the price probably would rebound further in the next few weeks as investors realize that the supply-and-demand balance will not change materially.

"There is already a shortage of platinum, and that shortage is not going away any time soon," said a metals analyst in London. "In fact, the situation is going to get worse in the next few years, and one Ford test program — that may, in fact, use some platinum — is not going to alter the demand picture."

Automakers, seeking less costly substitutes for platinum, have spent years researching ways to cut platinum in cleaning exhaust gases. While Ford did not reveal details of its new technology, it is widely believed by industry analysts that its anti-pollution device will use palladium and rhodium, two platinum-group metals. While they are also costly, their prices fluctuate widely, and Ford would have the flexibility to use whichever was cheapest at a given time.

The price of platinum, like that of gold, is affected by a variety of economic and psychological conditions. Although platinum is most widely used in pollution-control devices, the white metal is also being used more in jewelry, particularly in Japan, which consumes nearly two-thirds of the world's annual production of 105 tons (94.5 metric tons). The platinum used as a catalyst in the pollution-control device accounts for about a third of worldwide consumption.

But also like gold, platinum is increasingly being purchased by investors as a hedge against inflation, and its price is strongly affected by worldwide economic conditions.

Earlier this month, platinum prices surged on world markets amid predictions that robust demand would keep supplies tight for two to three years.

Patrick Magilligan, a precious metals analyst at Merrill Lynch & Co., predicted that the price would regain its previous high of \$676, reached in September 1986.

Storage Tanker Accident Sends Oil Prices Higher

London — Crude oil prices jumped as much as 85 cents a barrel on world spot markets Tuesday after an accident in the North Sea over the weekend that may reduce British production up to 12 percent, oil traders said.

North Sea Brent blend, the most widely traded international crude, surged about 85 cents a barrel, to \$16.25, for immediate loading on news that a huge storage tanker had broken from its moorings.

Three North Sea oil platforms, Fulmar and Auk, operated by Shell Oil Co., and Clyde, operated by Britoil PLC, were shut because of the absence of a collecting point after the accident.

"The incident shut down three platforms, which represent 10 to 12 percent of the U.K. North Sea oil production. There is now no way of bringing the oil ashore," a Shell spokesman said Monday.

"At the moment it is difficult to say how long the oil fields will be closed, but it could be weeks, probably months," he added.

Trading on Tuesday was thin because many British traders were still off for Christmas and exact market levels were hard to judge.

Toward the close of business in Europe, the key U.S. grade, West Texas Intermediate, was up 40 cents a barrel, to \$16.90, while Dubai, the leading Middle East grade, was up 45 cents to \$13.40.

GM to Buy Honeywell Division

LOS ANGELES — A General Motors Corp. subsidiary said Tuesday that it would buy Honeywell Inc.'s training and control systems division for an undisclosed price.

Hughes Aircraft Co. said the division, which supplies electronic simulation-based military training systems, is one of four Honeywell units put up for sale because they were outside the company's strategic focus. Honeywell said simulation technology could have applications in other fields, including machine repair.

AIR: Major Carriers Seek Growth in Foreign Alliances

(Continued from first page) consolidation is the prospect of a single European market after 1992. As Europe approaches the day when trade barriers between nations are eliminated, its airlines are searching for opportunities to grow strong enough to survive in that more competitive environment.

Jan Carlson, chairman of SAS, has predicted that no more than five major European carriers will remain after the coming shakeout in Europe and he has aggressively sought links to other airlines. Such links include the agreement with Texas Air and the announcement on Dec. 15 that it would acquire a 24.9 percent stake in the parent company of British Midland Airways.

Two groups of European airlines have combined to build major computer reservation systems — one working with a United Airlines computer subsidiary, the other using software designed by Texas Air.

The efforts underscore the key role that sophisticated computer reservation systems play in airline competition, particularly as more and more ticket sales are handled by travel agents.

Several major obstacles stand in the way of major international mergers, not the least of which is patriotism. In many countries, the national flag carrier plays a dual role as a key to economic development and as a national symbol.

"It will be interesting to see — even in a united Europe — whether countries are willing to forgo the luxury of flag carriers in favor of several strong European carriers, especially if those surviving carriers have names like British Airways and Air France," said Donald J. Carty, American Airlines' senior vice president for airline planning.

In addition, there are restrictions imposed by the United States and other countries to limit foreign ownership of a domestic airline. Still another impediment to global

carriers is the complex framework of international restrictions on fares and landing rights.

Many countries, including the United States, allow foreign carriers to land in designated cities but restrict the rights of those carriers to operate beyond that. Coping with international mergers probably also would require radical changes in regulatory systems to ensure adequate competition, safety and consumer protection.

"In most other industries of the size and scope of the aviation industry, we would have already seen the emergence of true multinational companies," said Mr. Carty.

One of the reasons it has not yet happened in the airline industry, he said, is "a peculiar association that the airline business has with countries' sovereignty."

"In my view, this will inevitably change, but the evolution will be very slow, and we will not see true international liberalization until well into the next century."

Siemens Plans Nuclear Plant In Beijing

WEST GERMANY — A Siemens AG subsidiary, Interatom GmbH, and the Juelich nuclear research organization KFA said Tuesday they had signed an agreement to build a small experimental reactor at Beijing University's Institute for Nuclear Technology.

They said the agreement included plans later for work in high-temperature reactors between Siemens and the Swedish-Swiss engineering company ASEA Brown Boveri AG.

Siemens and ABB signed an agreement in October to build a high-temperature nuclear reactor in the Soviet Union.

The 10-megawatt reactor in Beijing will be used for research into the safety of this type of power source and the development of its technology, the statement said.

ACQUIRE: Foreign Investors Make More Hostile Bids for U.S. Concerns

(Continued from page 1) takeover made by foreign companies increased to 11 in the first six months of 1988 from five in 1987, four in 1986, three in 1985 and two in 1984, according to the report.

In 1987, there were four hostile takeovers made by non-U.S. companies totaling \$2.7 billion, out of a total of \$42 billion spent by foreign investors to acquire U.S. companies.

Non-U.S. companies spent \$4.2 billion in hostile takeovers of a total of \$25.1 billion in 1986, \$1.5 billion in hostile takeovers of a total of \$18.8 billion in 1985, and \$6.1 billion of \$8 billion in 1984.

The agency reported that foreign acquisitions of American companies increased from 6 percent of all transactions in 1984 to 9 percent in 1987 and 13 percent in the first half of 1988.

The largest hostile non-U.S.

takeover in the first six months of 1988 was by a Canadian company, Campeau Corp., which spent \$6.6 billion to acquire Federated Department Stores Inc.

Three hostile takeovers were by British companies: Barmis Inc.'s \$5.2 billion acquisition of Farmers Group Inc., an insurance company; Beazer PLC's \$1.7 billion acquisition of Koppers Co., a construction and chemicals concern; and Tate & Lyle PLC's \$1.5 billion acquisition of Staley Continental Inc., a corn refining and food services company.

Two hostile takeovers were by French companies: Hachette SA's \$450 million acquisition of Grollier Inc., a publishing house, and Compagnie de Saint-Gobain's \$76 million acquisition of Wolvener Technologies Inc., a vinyl manufacturer.

The GAO study was requested by Representative Byron L. Dorgan, Democrat of North Dakota,

who said, "We've become a giant feedlot for all the international speculators." He blamed the falling dollar and rising American debt.

"Other countries wouldn't stand for it," continued Mr. Dorgan, a member of the oversight subcommittee of the Ways and Means Committee.

"There's almost no comparable activity in Japan or West Germany. The reason may be partly cultural, but it's also partly because those countries won't countenance the giant bubble of speculation that we have in this country."

Congress is expected to review the surge of hostile foreign takeovers, as well as the increase in foreign investment in the United States, which is approaching \$2 trillion.

The Senate Commerce, Banking and Armed Services committees are expected to hold hearings on this issue.

Mr. Dorgan and Representative Michael G. Oxley, Republican of Ohio, said that 40 House members had joined a new bipartisan group that seeks to "slow down the wave of debt-driven hostile takeovers and mergers."

Congress is especially concerned about the national security implications of some hostile takeovers. Last year, Dainippon Ink & Chemicals Inc. of Japan spent \$340 million to buy Reichhold Chemicals Inc., and Ciba-Geigy Ltd. of Switzerland spent \$227 million to acquire Spectra-Physics Inc., a laser maker.

Last week, the Treasury agreed to investigate the national security implications of Monsanto Corp.'s planned sale in a West German company of its electronics division, which makes eight-inch silicon wafers, a product vital to the production of advanced semiconductor chips.

A Less Profitable Reebok Is Still Leader on U.S. List

NEW YORK — Reebok International, the athletic apparel manufacturer, leads the rankings of the most profitable companies in the United States, Forbes magazine reports.

But Reebok and many of the other companies ranked highly have been less profitable in the most recent 12 months than in the longer term covered by the Forbes survey. Because the rankings consider an aggregate performance over several years, some of the companies with recent profit declines or losses may still rank high on the list.

The magazine tallied return on equity — the measure of how much a corporation earns on shareholder investment — for the past three to five years. Forbes rankings will be published in the Jan. 9 issue.

Reebok, known mainly for footwear, had more than a 200 percent average return on equity during the past four years, although return in the most recent 12 months was 27.7 percent, according to Forbes' annual listing of the most profitable U.S. firms. Reebok, based in Canton, Massachusetts, also was first in Forbes' ranking last year.

Second was Delta Woodside Industries, a fabric and apparel maker based in South Carolina, with more than a 200 percent return on equity in the past three years and 37.8 percent for the past 12 months. Third was CenTrust Savings Bank of Miami, a savings and loan company, with a 150.6 percent return over four years and 6.7 percent in the most recent 12 months.

The least profitable on the list was Public Service Co. of New Hampshire, which had a 0.2 percent return in the past five years and a loss in the most recent year. Public Service built a \$5.6 billion nuclear plant at Seabrook, which was completed two years ago but remains unlicensed because of evacuation-planning obstacles. The delays have forced Public Service, which owns 36 percent of the plant, to seek protection under U.S. bankruptcy laws.

Forbes also listed 175 companies that had losses for their five-year average returns, or for which three-to-five-year figures were not available.

Rounding out the top 10 profitable companies were Anchor Glass Container, with a 133.2 percent return over four years and 5.1 percent in the past 12 months; Jepsun Corp., a consumer and industrial concern, 94.4 percent over three years and 19.3 percent; Microsoft Corp., 73.9 percent return over five years and 43.2 percent; Western Savings & Loan, 69.6 percent over five years and 1.3 percent over five years and 14.8 percent.

As part of its survey, Forbes also named the companies it believes are set to make big comebacks, with General Motors Corp. among the candidates. Forbes noted that GM had reduced its costs and said the automaker's loss of market share seems to be leveling off.

INTERNATIONAL FUNDS

Table listing various international funds with columns for fund name, ticker symbol, and price. Includes sections for International Funds, Stock Indexes, Commodity Indexes, and Market Guide.

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The Global Newspaper advertisement featuring a globe and the text 'The Global Newspaper'.

Alstom's Shares Soar by 60 Francs advertisement with text describing the company's performance and market activity.

Large advertisement for Camel cigarettes featuring a man in a suit and the text 'Discover the world's most satisfying cigarette.' Includes a pack of Camel cigarettes.

Tuesday's AMEX Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

Table with columns for stock symbols, prices, and changes. Includes sub-sections for 12 Month High/Low and 52 Week High/Low.

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Table with columns for stock symbols, prices, and changes. Includes sub-sections for 12 Month High/Low and 52 Week High/Low.

AMEX Highs-Lows

Table listing new highs and new lows for various stocks on the AMEX.

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Vertical advertisement on the right edge of the page, including 'Star Edges' and 'Year the' text, partially obscured by a large circular graphic.

CURRENCY MARKETS

Dollar Edges Higher In Quiet U.S. Trading

NEW YORK — The dollar closed slightly higher against most currencies Tuesday in this trading as many market participants remained sidelined for the Christmas holidays.

With the London markets closed and little fresh news to push the U.S. currency in either direction, dealers said the dollar drifted higher Tuesday on sporadic corporate buying and firmness in short-term U.S. interest rates.

Japan Buying More U.S. Debt

TOKYO — Japanese investors increased the share of U.S. bonds in their foreign bond portfolios during the first six months of 1988, Finance Ministry statistics show.

The increase occurred during a period of relative stability in the dollar/yen exchange rate, a ministry official said.

SCANDAL: A Rare, and Embarrassing, Glimpse of How Japan's Big Business Works

(Continued from page 1) million yen into the hands of a legislator investigating the company.

From such scenes a portrait has emerged of business as a system that remains stubbornly closed to newcomers — foreign or Japanese — and addicted to using money as a lubricant for the personal relationships needed to gain acceptance and access in the places where decisions are made.

High Spending on Entertainment, Political Donations

TOKYO — Japanese companies spent a record 4.19 trillion yen (\$33.8 billion) in 1987 on entertainment and gifts, the National Tax Administration has reported.

The survey of more than 56,000 companies, published Monday, also found that corporate donations totaled a record 355.9 billion yen last year.

In fact, one of the most distinctive Japanese characteristics of the Recruit scandal is that few of the recipients of the stock appear to have profited personally.

Recruit is giving Japanese business a bad image inside and outside the country, said Masaya Miyoshi, director-general of the Keidanren, Japan's largest business group.

Mr. Ezoe's goals, however, were more far more specific. At the start, Recruit published a magazine of information about job openings. But Mr. Ezoe soon diversified into information services, computer leasing, and real estate investment, among other ventures.

With his eye on the computer and telecommunications businesses, he turned first in NTT, whose help is critical for success in that area.

The Year the Central Banks Won in Battle of the Dollar

By Jonathan Fuerbringer New York Times Service NEW YORK — In July, when the Federal Reserve Board was trying to cap a strong dollar rally, many foreign-exchange traders were ready, in the words of one dealer, John W. Baker, "to take on the central banks."

Intervention worked when it was coordinated and when the market perceived that the world's major policy cooperation among the United States and its chief industrial allies in the Group of Seven, which also includes Canada, Japan, West Germany, Britain, France and Italy. The effectiveness of cooperation will be tested again in 1989.

124.75 Japanese yen, 3 percent higher than the record low of January 1988. At 1.7735 DM, the dollar is 12.9 percent above the record low of 1.5705 DM reached on Dec. 31, 1987. It is also higher against other major currencies.

Merchandise exports will increase in 1989, but only by about half as much as they grew this year, said Adrian Dillon, chief economist at Eaton Corp., a Cleveland-based manufacturer of machinery, truck parts and other products.

FORECAST: Economists Postpone U.S. Recession

(Continued from page 1) with growth slowing to an annual rate of about 2 percent.

The biggest force in the U.S. economy is domestic consumption — what Americans buy. It accounts for about two-thirds of all economic activity. If consumers stop buying, a recession is inevitable.

The big economic unknown is what the incoming Bush administration might do about taxes and the budget deficit. A tax increase or excessive spending cuts could slow economic growth, but nearly all the forecasters bet that Mr. Bush, in his first year as president, will make no major changes.

Tuesday's OTC Prices NASDAQ prices as of 4 p.m. New York time. This list, compiled by the AP, consists of the 1,000 most traded securities in terms of dollar volume.

Large table of financial data including stock prices, dividends, and company information. Columns include 12 Month High/Low, Div., Yld., PE, etc.

OP 747 advertisement: OP 747 takes you further, faster than you ever thought possible. Includes text about aircraft and service.

RE AIRLINES advertisement: Reaching More Than a Third of a Million Readers in 164 Countries Around the World.

OBSERVER

The Magical Root Beer

By Russell Baker
NEW YORK — When I was a child we always had homemade root beer for the Christmas holidays.

Santa Claus is not just another salesman; he is a philosopher teaching children that dwelling on life's possibilities can do more to improve the spirit than dwelling on life's inevitabilities can.

An exploding root beer jar didn't yield serious megatonnage, but it left a lot of broken glass in a puddle of root beer on the floor.

The homemade root beer was involved with all this wonder and stayed involved long after I had wiped up about that corrupt old Santa Claus and learned that life's inevitabilities are so absolutely inevitable that they leave little room for possibilities.

Akira Kurosawa Will Film His 'Dreams'

By Fred Hiatt
Washington Post Service
TOKYO — Akira Kurosawa has decided to make a movie about his dreams.



Spielberg and Lucas helped line up financing.

And, spurred by his countrymen, he has turned to two prominent Hollywood dream-spinners, Steven Spielberg and George Lucas, for help. Kurosawa, 78, whose masterpieces range from "Rashomon" in 1951 to "Ran" three years ago, announced that he will soon begin filming "Dreams," which he hopes to finish in time for a Christmas release in the United States next year.

The movie will consist of nine episodes based on the dreams of Kurosawa's childhood and adulthood, he said. (He had planned to shoot 10, he added, but his friend Francis Coppola persuaded him that 10 was "too even" a number.) As with every movie Kurosawa has made since 1971, he had to look outside Japan for financing.

Lucas and Spielberg — whom Kurosawa's son and "Dreams" producer Hisao described as Kurosawa's "best friend" — were instrumental in arranging the deal. The projected budget, modest by Lucas standards, is high in Japan, where studios generally concentrate on low-budget and formula soft-porn or science fiction.

Hisao said, "It was very difficult to find a Japanese distributor." But Spielberg's company expressed an immediate interest, and negotiations began about 18 months ago.

As for describing "Dreams," Kurosawa was reticent. Which Lucas's help, he will first play special effects for the first time, he said, "so I'm sure we'll have some very interesting results."

Still, a closet optimist perhaps, I had got married. We then had children. One December day I heard myself asking my wife, "What is Christmas without homemade root beer?"

Root beer made no magic for her, but she understood the question. In childhood she had passed dim Christmases yearning for a happening so wonderful that it could never happen to anyone.

I was immune to all efforts to awe me about the religious aspect of Christmas. That was for Easter. Christmas was a time for enjoying rituals of happiness, like the making of the root beer, and worrying about the explosions, and looking forward to tasting it.

She found the extract, which was no longer easy to find, and followed directions in the box, even taking pains about tightening the caps on the Mason jars. Unluckily, her fingertips were not made for cracking safes.

New York Times Service

PEOPLE

Divorced as Unknowns, Stars Plan to Remarry

The "Miami Vice" star Don Johnson and his former wife, the actress Melanie Griffith, plan to remarry after 11 years, during which each went from unknown to star.

Derek Janssen, 59, a former messenger boy, has become Britain's highest-paid broadcaster by signing on for satellite TV. He said his two-year deal with Rupert Murdoch's Sky TV is worth \$500,000 (about \$900,000) to host a show called "Janssen Tonight," for the new round-the-clock service that starts in February.

The television evangelist Benny Swaggett and Tammy Faye Bakker were named co-winners of the White House of the Year award. They were the most visible and most vocal winners over this last year.

Joe Baile says the trip he and his son took to deliver supplies to earthquake victims in Armenia exemplified the "biggest points of light" in his father's life.

Fire destroyed the home of the millionaire industrialist Edgar Kaiser, including his art collection in Vancouver, British Columbia.

LEGAL NOTICES

SUMMONS
CARMICHAEL & ASSOCIATES, INC., a California Corporation
Plaintiff,
vs.
NORTH COLE GROUP, a California general partnership,
Defendant.

ANNOUNCEMENTS

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